

**COMMITTEE ON GOVERNMENT REFORM**  
**CONGRESSMAN TOM DAVIS, CHAIRMAN**



**NEWS RELEASE**

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**DAVIS INTRODUCES LEGISLATION OFFERING FEDERAL**  
**EMPLOYEES TAX-FREE STUDENT LOAN FORGIVENESS**

*'GOFEDS' Will Help In Recruiting Best and Brightest*

**Washington, D.C.** – Government Reform Committee Chairman Tom Davis (R-VA-11<sup>th</sup>) today introduced bipartisan legislation that will help federal agencies recruit the best and the brightest into government service. The Generating Opportunity by Forgiving Educational Debt for Service (GOFEDS) Act would allow federal agencies to offer their employees tax-free student loan forgiveness. The Act is cosponsored by Rep. John Tierney (D-MA), and a companion bill is being introduced by Sens. George Voinovich (R-OH) and Blanche Lincoln (D-AR).

Under current law, agencies can repay student loans on behalf of their employees – up to \$6,000 a year with a \$40,000 total cap per employee – but the incentive is taxed. **By contrast**, loan repayments made by educational institutions or non-profits to encourage public service are not counted as taxable income for the recipient. **“This bill simply puts the federal government’s own loan forgiveness program on par with similar loan forgiveness programs sponsored by educational institutions and non-profit organizations,” Davis said. “It levels the playing field.”**

The GOFEDS Act would make the existing authority to offer loan-forgiveness more attractive to new recruits by ensuring that the potential employee would not have to pay taxes on the benefit.

**“The cost of this proposal is minimal, but its potential impact is great,” Davis said. “For too long, the federal government has been bleeding highly trained and skilled workers to the private sector. This legislation will help the government acquire 21<sup>st</sup> century skills for a 21<sup>st</sup> century workforce.”**

Student loan debt is a significant challenge. Over the last decade, the number of students taking out loans nearly doubled, from 5.1 million students in 1992-93 to 9.4 million in 1998-99. And the amount of debt burden for each student has increased as well. The median debt for those graduating with a bachelor’s degree at a public institution in 1993 was \$6,449. By the year 2000, it had more than doubled, to \$15,375.

The figures are even more staggering for those with professional degrees, with median debt more than tripling to \$61,417 in 2000.

“If nothing is done to improve recruitment and retention in the federal government, service to the American people will suffer,” Davis said. “More than half of the federal workforce could be eligible to retire in the next five years, including over 70 percent of senior management. On the other end of the employment pipeline, college graduates’ interest in government service has eroded at the time when they are needed most.”

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